



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA 'OIHANA O KA LOIO KUHINA
THIRTY-SECOND LEGISLATURE, 2023**

ON THE FOLLOWING MEASURE:
S.B. NO. 640, RELATING TO AGRICULTURE.

BEFORE THE:
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

DATE: Monday, February 6, 2023 **TIME:** 1:00 p.m.

LOCATION: State Capitol, Room 224

TESTIFIER(S): Anne E. Lopez, Attorney General, or
Jodi K. Yi or Bryan C. Yee, Deputy Attorneys General

Chair Gabbard and Members of the Committee:

The Department of the Attorney General provides the following comments regarding this bill.

This bill would appropriate money and establish within the Department of Agriculture a Hawaii agricultural investment program to provide a dedicated funding source for the local agricultural sector. Among other things, "[m]oneys in the program shall be awarded as matching grants[.]" (Page 2, lines 15-16). These awards and other financial incentives appear to be grants.

The program would be subject to article VII, section 4, of the Constitution of the State of Hawaii, which provides, "[n]o grant of public money or property shall be made except pursuant to standards provided by law." This bill does not appear to contain sufficient standards for grants of public money. Therefore, we recommend that this bill be amended to insert appropriate standards. Examples of existing statutes that provide standards for agencies to issue grants are found in part II of chapter 9 and sections 10-17, 210D-11, and 383-128, Hawaii Revised Statutes. Additionally, we have attached draft standards to this testimony as a sample to work from and we are happy to work with you on developing more specific standards.

Thank you for the opportunity to present this testimony.

POSSIBLE STANDARDS FOR THE GRANTS IN THIS BILL

- (1) Any grant shall be used exclusively for the purposes of this program.
- (2) The applicant shall indicate capability to properly use the grant to promote agricultural production.
- (3) The applicant shall comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, disability, or any other characteristic protected under applicable federal or state law.
- (4) The grant shall not be used for purposes of entertainment or perquisites.
- (5) The applicant shall comply with other requirements as the department may prescribe.
- (6) All activities undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances.
- (7) The applicant shall indemnify and save harmless the State of Hawaii and its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department.
- (8) The applicant shall agree to make available to the department all records the applicant may have relating to the grant, to allow state agencies to monitor the applicant's compliance with this section.

JOSH GREEN, M.D.
Governor

SYLVIA LUKE
Lt. Governor



SHARON HURD
Chairperson, Board of Agriculture

MORRIS M. ATTA
Deputy to the Chairperson

State of Hawai'i
DEPARTMENT OF AGRICULTURE
KA 'OIHANA MAHI'AI
1428 South King Street
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**TESTIMONY OF SHARON HURD
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE SENATE COMMITTEE ON
AGRICULTURE AND ENVIRONMENT**

**MONDAY, FEBRUARY 6, 2023
1:00 PM
CONFERENCE ROOM 224 &
VIDEOCONFERENCE**

**SENATE BILL NO. 640
RELATING TO AGRICULTURE**

Chairperson Gabbard and Members of the Committee:

Thank you for the opportunity to testify on Senate Bill 640. This bill is to establish the Hawaii agricultural investment program to provide a dedicated funding source for the local agricultural sector. Through this program, the department of agriculture can invest in agricultural producers to support the State's economy and alleviate financial strains on the local agricultural sector. The Hawaii Department of Agriculture (HDOA) supports the providing of funding for farmers, ranchers, growers, producers and other bona fide operations to expand Hawaii agriculture.

The Department respectfully comments that the awarding of grants for the listed items may require further discussion as a policy matter and require changes to rules. With additional staff to seek, apply for, and administer federal grants and access federal grant programs, the Department may accomplish the purpose of this measure, to increase agricultural production or processing capacity (Value-added Producer), acquire real property, improve and upgrade existing operations (Farm Loan Program), purchase of equipment (Rural Development) and provide the assistance with programs currently in place.

The Department supports the bill and will work to establish the Hawaii agricultural investment program within the Department.

Thank you for the opportunity to testify on this measure.





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February 6, 2023

HEARING BEFORE THE
SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

TESTIMONY ON SB 640
RELATING TO AGRICULTURE

Conference Room 224 & Videoconference
1:00 PM

Aloha Chair Gabbard, Vice-Chair Richards, and Members of the Committee:

I am Brian Miyamoto, Executive Director of the Hawai'i Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,800 farm family members statewide and serves as Hawai'i's voice of agriculture to protect, advocate and advance the social, economic, and educational interests of our diverse agricultural community.

The Hawai'i Farm Bureau supports SB 640, which establishes the Hawaii Agricultural Investment Program to support local agricultural producers.

Agriculture, like all businesses, requires capital investment. The cost of operating a farm or ranch in Hawai'i can be significant. In many cases, agricultural operations require capital that our local farmers just don't have and many of Hawai'i's farmers and ranchers are finding it difficult to secure the financial support necessary to build capacity. Access to grants can result in increased capacity, new business opportunities, increase employment opportunities, and address Hawai'i's goals of increased self-sufficiency and sustainability.

Farming is a tough business. High production costs are a major driver of narrow profit margins for Hawai'i's farmers. Land, water, labor, taxes, transportation, utilities, inputs, marketing, research, invasive species, and food safety regulations are all costs of doing business that often results in our farmers just being able to break even. HFB supports any initiative that supports agricultural production so that locally produced goods can compete with imported products, strengthening our local economy.

An HDOA Agriculture Investment Program can assist farmers and ranchers to increase capacity to grow and produce import replacement products in order to fulfill the State's vision for increased self-sufficiency and sustainability. We are concerned with the twenty-five percent matching funds requirement. This may limit program participants to farmers and ranchers that already have access to capital and preclude those that truly need the assistance.

Thank you for the opportunity to comment on this measure.



Hawaii Cattlemen's Council, Inc.

COMMITTEE ON AGRICULTURE AND
ENVIRONMENT

Senator Mike Gabbard, Chair
Senator Herbert M. "Tim" Richards, III, Vice Chair

SB640

RELATING TO AGRICULTURE

Monday, February 6, 2023, 1:00 PM
Conference Room 224 & Videoconference

Chair Gabbard, Vice Chair Richards III, and Members of the Committee,

The Hawaii Cattlemen's Council (HCC) is the Statewide umbrella organization comprised of the four county level Cattlemen's Associations. Our member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of over 750 thousand acres of land in Hawaii, or 20% of the State's total land mass. We represent the interests of Hawaii's cattle producers.

The Hawaii Cattlemen's Council **supports SB640** which establishes the Hawai'i Agricultural Investment Program to support local agricultural producers. There are many challenges to producing food locally while maintaining a viable business operation. We appreciate this bill that would alleviate economic strains on the sector that farmers and ranchers experience and believe it will help local beef producers by growing capacity within the industry.

We appreciate the opportunity to testify on this measure.

Nicole Galase
Hawaii Cattlemen's Council
Managing Director





Hawai'i Aquaculture & Aquaponics Association
Hawai'i Cattlemen's Council
Hawai'i Farm Bureau Federation
Hawai'i Farmers' Union United
Hawai'i Food Industry Association
Hawai'i Food Manufacturers Association
Kohala Center
Land Use Research Foundation of Hawai'i
Maui Farm to School Network (Maui F2SN)
Ulupono Initiative
College of Tropical Agriculture and Human Resources - University of Hawai'i at Manoa

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
February 6, 2023 – 1:00 p.m. – Conference Room 224 & Videoconference

SB 640 – RELATING TO AGRICULTURE

Aloha Chair Gabbard, Vice Chair Richards and Members of the Committee:

The Local Food Coalition **SUPPORTS** SB 640, which establishes the Hawaii Agricultural Investment program to provide a dedicated funding source for the local agricultural sector.

The Hawaii Department of Agriculture (HDOA) lost millions in funding when the Legislature eliminated the Agriculture Development and Security Special Fund, HDOA's main source of funding, through Act 87, SLH 2021 when the state was dealing with the economic impacts of the COVID-19 pandemic.

The pandemic highlighted the need to increase Hawaii's food self-sufficiency and reduce our reliance on imports. With a robust surplus, now is the time to reinvest in our local agricultural industry. This program will support a wide range of agricultural activities that will help the state reach its goal of doubling local food production.

The Local Food Coalition is an organization comprised of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawaii's food supply.

We respectfully request your support of SB 640. Thank you for the opportunity to submit testimony.

Kendall Matsuyoshi
808-544-8345
kmatsuyoshi@wik.com



Email: communications@ulupono.com

SENATE COMMITTEE ON AGRICULTURE & ENVIRONMENT
Monday, February 6, 2023 — 1:00 p.m.

Ulupono Initiative strongly supports SB 640, Relating to Agriculture.

Dear Chair Gabbard and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono strongly supports SB 640, which establishes the Hawai'i Agricultural Investment Program to support local agricultural producers.

Ulupono supports the State's efforts to invest in local agriculture. We also recognize the many economic difficulties the State faced in 2021. However, the 2021 State Legislative Session saw the Department of Agriculture (DOA) lose millions of dollars due to the elimination of its Agricultural Development and Food Security Special Fund ("Barrel Tax"), which was the DOA's main source of industry funding. These significant cuts have negatively impacted the DOA's ability to support the agricultural industry with funding and resources at a time when the industry needs them most.

With the economy now looking to recover and diversify, agriculture has presented itself as a leading industry for investment. The State must invest in local farmers and ranchers by funding solutions to address the industry's many challenges. It is important to note that nearly a quarter of U.S. agriculture departments have established grant or cost-share programs to invest in local agriculturalists, demonstrating that these states were responsive to the needs and issues facing local producers by implementing programs to assist with critical needs such as infrastructure, technology, equipment, processing, training, market access and development, and much more.ⁱ

Hawai'i should do the same and continue its commitment to our many important sustainability goals.

Investing in a Sustainable Hawai'i

We believe that the proposed program will help to address Hawai'i agriculture's priority issues. To do this, we ask for the following amendments:

- Amend subsection (b) on page 3 to read as follows:

~~“(b) Moneys in the program shall be awarded as matching grants to:
(1) Increase agricultural production or processing capacity;
(2) Acquire real property for agricultural production or processing activities;
(3) Improve real property, irrigation systems, and transportation networks necessary to promote agricultural production or processing activities;
(4) Purchase equipment necessary for agricultural production or processing activities;
(5) Conduct research on and testing of agricultural products and markets;
(6) Promote and market agricultural products grown or raised in the State;
(7) Convert chicken shell egg farm or business operations from caged to cage-free operations; and
(8) Any other activities intended to increase agricultural production or processing that may lead to the reduced importation of food, fodder, or feed from outside the State.~~

(1) Acquire or improve real property, irrigation systems, and transportation networks to promote agricultural production or processing activities;
(2) Purchase or improve equipment and technology for agricultural production or processing activities;
(3) Promote workforce development and labor solutions for agricultural production and processing;
(4) Conduct research on and testing of agricultural products and markets;
(5) Promote and market agricultural products grown or raised in the State;
(6) Promote food safety training and education to promote agricultural production and market development; and
(7) Any other immediate response activities intended to support agricultural production or processing that will lead to the reduced importation of food, fodder, or feed from outside the State.”

- Add a new section to establish grant standards:

“§ Grants; conditions and qualifications. (a) Applications for grants shall be made to the department and contain such information as the department shall require. At a minimum, the applicant shall show:

- (1) The name of the requesting organization or individual;
- (2) The purpose for the grant;
- (3) The service to be supported by the grant;

(4) The target group to be benefited;

(5) The cost of the grant; and

(6) That the grant shall be used for activities that are consistent with the purposes of this chapter.

(b) Grants shall only be awarded if:

(1) The applicant agrees to comply with applicable federal, state, and county laws;

(2) The grant shall not be used for purposes of entertainment or perquisites;

(3) All activities and improvements undertaken with funds received shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules; and

(4) The applicant will indemnify and hold harmless the department, the State of Hawaii, its officers, agents, and employees from and against any and all claims arising out of or resulting from activities carried out or projects undertaken with funds provided hereunder, and procure sufficient insurance to provide this indemnification if requested to do so by the department.

(c) To receive a grant, an applicant shall:

(1) Be:

(A) A for-profit organization incorporated under the laws of the State;

(B) A nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service;

(C) A cooperative association; or

(D) An individual, who in the department's determination, is able to provide the services or activities proposed in the application for a grant;

(2) Agree to make available to the department all records the applicant may have relating to the operation of the applicant's activity, business, or enterprise, to allow the office to monitor the applicant's compliance with the purpose of this chapter; and

(3) Establish, to the satisfaction of the department, that sufficient funds are available for the effective operation of the activity, business, or enterprise for the purpose for which the grant is awarded.

(d) Every grant shall be:

(1) Monitored by the department to ensure compliance with this chapter and the purposes and intent of the grant; and

(2) Evaluated annually to determine whether the grant attained the intended results in the manner contemplated.”

- Insert “\$3,000,000” into section 3 on page 4. This amount is roughly what the Department of Agriculture used to receive to support agricultural development and food security projects.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

ⁱ States include Connecticut, Maine, Massachusetts, Michigan, Montana, New York, Oklahoma, Tennessee, Vermont and Virginia.



Feb 5, 2023

Senator Mike Gabbard, Chair, and Senator Herbert M. "Tim" Richards III, Vice Chair
Senate Committee on Agriculture and Environment (AEN)
Friday, February 6, 2023, 1:00 PM, Conference Room 224

Re: Senate Bill 640 Relating to Agriculture

Aloha Chair Gabbard, Vice Chair Richards, and Members of the Committee,

The Hawaii Aquaculture and Aquaponics Association (HAAA) representing aquaculture industry members, researchers, and supporters Statewide strongly supports SB 640 which establishes the Hawaii Agriculture Investment program within the Department of Agriculture to provide a dedicated funding source for the local agricultural sector.

Through this program, the DOA can invest in agricultural producers with matching grants to support the State's economy and alleviate financial strains on the local agricultural sector. The intended uses of these funds are to support increased agricultural production or processing and any other activities that may lead to the reduced importation of food, fodder, or feed from outside the State. Through this much needed investment, the Hawaii diversified agricultural sector will be able to expand local food production and agricultural exports for the benefit of rural Hawaii and the State economy.

Thank you for the opportunity to testify in strong support of this measure.

Sincerely,

Ron Weidenbach
HAAA President



Environmental Caucus of The Democratic Party of Hawai'i

Feb 4th 2023

TO: THE COMMITTEE ON AGRICULTURE AND ENVIRONMENT

Chair: Senator Mike Gabbard

Vice Chair: Senator Herbert M Tim Richards III

CONCERNING: SB640 (Relating to Agriculture), SB682 (Relating to Animal Fur Products), SB967 (Relating to Taxation), SB998 (Relating to Spaying and Neutering of Animals), SB1009 (Relating to Neonicotinoids), SB1011 (Related to Pesticides), SB1552 (Relating to Invasive Species)

POSITION: STRONG SUPPORT OF ALL LISTED BILLS

Aloha Chair Gabbard, Vice Chair Richards III, and all the Committee Members

The Environmental Caucus is testifying in support of all the listed bills above.

SB998: One of our priority issues concerns continuing and expanding all programs to humanely control the feral cat and dog populations by funding as many Spay and Neutering programs as are possible. Sadly there are many people who have rescued abandoned pets, or are willing to care for or adopt pets but who cannot afford timely spaying/neutering of them. The Humane Society is doing what it can but the waiting list for private persons to get their pets fixed is often months long and people cannot take the time from work to get it done or have no means for transporting their animals to such services. More funding is vital and amongst other things, might provide for more service options like mobile clinic spay and neuter services. They have been very successful in the past.

SB640 & 967 & 1552: We support all legislation which assists local farmers who provide us with local food sources, with special support for organic farming whenever the type of crop allows for it. Food independence from imported products rests with local farmers. In addition, the damage done to our agricultural industry and our native flora by invasive species has been devastating over the years. We need to do more in all possible ways to prevent these environmental disasters.

SB682: In principle, we are against the harvesting and selling of any animal skins although they are a number of commercially raised animals only for their skins. We feel that Americans, at least do not or should not require animals to die for our fashion egos.

SB1009 & 1011: We support all bills which eliminate and/or monitor the use of pesticides which poison the land and are dangerous to animals and humans alike.

Martha E Randolph
DPH Environmental Caucus SCC Representative

SB-640

Submitted on: 2/5/2023 6:25:32 PM

Testimony for AEN on 2/6/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Colehour Bondera	Testifying for Kanalani Ohana Farm	Support	Written Testimony Only

Comments:

Aloha Chair and Committee Members:

Thank you for accepting my testimony on this legislation.

I strongly support Hawaii allocating resources and support for local agriculture.

However, while implied in the the legislation, it is not clearly stated that the support offered is for production of crops to be locally consumed and not destined for export production. Please add this clause for clarification, especially as it pertains to research, since large entities will seek support to do research on export crops and the point is to increase local production for local consumption.

Farmers need this type of program and so please provide the support with clarification as requested.

Sincerely,

Colehour Bondera

KANALANI OHANA FARM

colemel2@gmail.com



**THE HUMANE SOCIETY
OF THE UNITED STATES**

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Washington, DC 20037
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Thomas J. Sabatino
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Chief Financial Officer and
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Hearing date: Monday, February 6, 2023

Time & Location: 1:00pm, Conference Room 224 & Videoconference

To: Sen. Mike Gabbard, Chair
Sen. Herbert M. "Tim" Richards, Vice Chair
and Members of the Senate Committee on Agriculture & Environment

Submitted by: Susan Rhee, Hawaii State Director, the Humane Society of the United States

RE: Testimony in support of SB 640 Relating to Egg-Laying Hens

Chair Gabbard, Vice Chair Richards, and Members of the Committee:

The Humane Society of the United States (HSUS) supports the passage of SB 640 which would provide funding for Hawaii egg producers to convert outdated conventional egg operations to cage-free operations. We kindly urge you to vote yes on SB 640, which if passed, would bolster Hawaii's reputation as a world leader in protecting animals from abuse while promoting ethical business practices.

Egg producers acknowledge that the future of their industry is cage-free. Meat & Poultry magazine has concluded, "It's no longer a discussion about whether to convert egg production from cage to cage-free operations, but rather when it will happen." Further, new USDA statistics show that approximately 35% of the U.S. egg flock is cage-free, up from just 4% a decade ago.

The overwhelming shift to cage-free in recent years is due to public concern for animal welfare, food companies' demand for cage-free products, and legislative momentum across the U.S.

Currently, egg-laying hens in conventional "battery cage" are provided roughly 67 square inches of space to live their entire lives; that's smaller than the dimensions of a sheet of paper. Animal protection organizations like the HSUS endorse the investment in conversion funding because a faster transition to cage-free will allow more animals to engage important natural behaviors like flapping their wings, walking, perching, dustbathing and laying eggs in nest boxes. Evidence indicates that cage-free standards also reduce *Salmonella* risks.

Responding to demand from their customers, more than 200 of the country's largest companies have pledged to switch exclusively to cage-free eggs. This includes the nation's leading restaurant chains, such as McDonald's, Burger King,



**THE HUMANE SOCIETY
OF THE UNITED STATES**

Taco Bell, IHOP and Denny's, as well as retail giants like Walmart and Costco. Hawaii-based companies, like Foodland and Hawaiian Airlines, have also agreed to source only cage-free eggs.

In addition, ten states have passed cage-free laws (Arizona, Nevada, Utah, Oregon, Washington, Michigan, Colorado, Rhode Island, California and Massachusetts). Eight of those states also ban the sale of eggs from battery cages. Several other states, including Hawaii, have cage-free bills pending, as well.

Funding for producers to transition to cage-free facilities would not only help producers meet market demands, but it would support the future of Hawaii's egg industry while providing much-needed jobs in our construction sector.

For the foregoing reasons, we kindly urge you to vote yes on SB 640.

Sincerely,

Susan Rhee
Hawaii State Director
The Humane Society of the United States

SB-640

Submitted on: 2/4/2023 10:50:12 AM

Testimony for AEN on 2/6/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Caroline Azelski	Individual	Support	Written Testimony Only

Comments:

Support. Thank you.

SB-640

Submitted on: 2/4/2023 10:52:07 AM

Testimony for AEN on 2/6/2023 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Christopher Boscole	Individual	Support	Written Testimony Only

Comments:

Support SB640. Hawaii needs to produce more food locally and become more independent from imports. Hawaii once supported its inhabitants without any imports, and with proper support of agriculture can do so again.

Email: nmilne@kohalacenter.org

SENATE COMMITTEE ON AGRICULTURE AND ENVIRONMENT
Monday, February 6, 2023 – 1:00 p.m. – Conference Room 224 & Videoconference

Nicole Milne, personal testimony, in support of SB 640, Relating to Agriculture

Dear Chair Gabbard, Vice Chair Richards, and Members of the Committee:

Thank you for the opportunity to provide personal testimony in strong support of SB 640, which establishes the Hawai‘i agriculture investment program to bolster agricultural production throughout the islands through the establishment of a dedicated funding source for the agricultural sector.

My name is Nicole Milne and I am the Vice President of Food and Agriculture Initiatives at The Kohala Center (TKC) and Member of the Board of Hawai‘i Good Food Alliance (HGFA). These entities are non-profit, statewide organizations that are community-based, working to support the development and resilience of economically viable agricultural and food operations *alongside* increased access to local food for Hawai‘i residents.

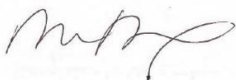
During the pandemic the Hawaii Department of Agriculture (HDOA) lost a significant source of revenue when the Legislature eliminated the Agriculture Development and Security Special Fund, HDOA’s main source of funding, through Act 87, SLH 2021.

Access to capital remains a barrier for many food and agricultural entrepreneurs in the islands. The scope of financial products available to farmers and ranchers in Hawai‘i is diverse, from microloans available through TKC, Kiva, and USDA Farm Service Agency, to larger loans via Feed the Hunger Fund, Slow Money Hawai‘i, Hawaii Department of Agriculture, American Ag Credit, and more. However the demand for *affordable* capital across the sector far outweighs the supply, and oftentimes eligibility requirements significantly narrows the number of products accessible to producers.

I strongly support the State’s efforts to broaden investment pathways available for farmers and ranchers, including those that increase *equitable access to affordable capital*, as this initiative does. HDOA is Hawai‘i’s lead agency charged with supporting an industry that is critical to the resiliency of our island communities and rural economies. This initiative would shore up future capacity through a matching grant program to facilitate the Department’s ability to assist farmers with critical infrastructure such as fencing, irrigation, and soil health and conservation practices. Hawai‘i would join with several state agricultural departments across the U.S. that house similar programs, including Minnesota, Massachusetts, Kentucky, and many others. And furthermore, this investment initiative would help unlock federal funding for Hawai‘i’s producers which is available through various Farm Bill programs already utilized by farmers and ranchers across the state.

I respectfully request your support of SB 640. Thank you for the opportunity to testify.

Sincerely,



Nicole Milne
Vice President, The Kohala Center
Board Director, Hawai‘i Good Food Alliance
Personal Testimony